Principal - amt of $ started with.
loan: amt. borrowed
savings acct: amt put in

Interest - amt of $ paid for the use of another person's $.

Formula: $I = P \times R \times T$

P ← principal
R ← rate
T ← time (in yrs.)

Single payment loan -
loan repaid in one payment after a certain period of time.

promissory note -
a type of single payment loan.
a written promise to pay a certain amt. of $ on a certain date I.O.U.

to Mature - to change over time, usually larger or bigger

with $, amt. increases over time

Maturity Value - total amt. you have to repay, principal + interest

Formula: principal + interest

Term (of a loan) – amt. of time that the loan is granted for

Ordinary Interest – loan based on a 360 day year.

Formula: $I = P \times R \times T$ (out of 360)

$\frac{120}{360} = 0.333$

Exact Interest – loan based on 365 day year

Formula: $I = P \times R \times T$ / out of 365

$\frac{120}{365} = 0.32876$

(10) $7,200 ordinary 12%
91 days maturity value?

1: Interest = P × R × T

$= (7200)(0.12)\left(\frac{91}{360}\right)$

$= \boxed{\$218.40}$

2: P + I

7200 + 218.40 =

$7418.40

Maturity value

a) $I = P \times R \times T$

$= 600 \times 0.10 \times \left(\frac{120}{360}\right) =$ $20

Maturity value $= 600 + 20 =$ $620

b) Interest $=$ $84.22

Maturity Value $=$ $3584.22

c) Interest $=$ $24

Maturity value $=$ $624

(12) $7200
91 days
12% rate

* exact interest

1: Interest = P × R × T

$= (7200) \times (0.12) \times (\frac{91}{365})$

$= \$215.41$

2: Maturity value:

$7200 + 215.41 = 7415.41$

(13) a) Interest = $19.73

Maturity value = $619.73

b) Interest = $83.07

Maturity value = $3583.07

c) Interest = $23.67

Maturity value = $823.67

(14) borrower = exact interest

bank = ordinary interest

(15) - no interest

- no time limit / easy time limit